



Minnesota Judicial Branch Procedures

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Collection of Past-Due Accounts

I. PURPOSE

This policy establishes uniform guidelines for the diligent collection of Court fines, fees, and other payments owed.

II. OBJECTIVES

Implementation of these procedures will:

- Improve collections of Court-ordered fines, fees, restitution, Guardian ad Litem (GAL) reimbursements, and other miscellaneous debt.
- Enhance revenue to the State General Fund and public agencies.
- Promote efficiency by automating business practices and reducing manual processing.
- Establish uniform equitable enforcement of Court orders and collections.

III. APPLICABILITY

These procedures apply to all Minnesota Judicial Branch collection practices utilized by Court units, including the Minnesota Court Payment Center. Implementation will be on a schedule set by the State Court Administrator.

IV. AUTHORITY

Judicial Council Policy 209 (Collection and Distribution of Revenue), 506.1 (Statewide Payable Offense Policy), 515 (Petty Misdemeanor Failure to Appear), 518 (Warrant Fee) Minn. Stat. §§ 16D.04, 171.06, 270A, 480.15, subd. 10c; 609.10, subd. 1; 609.125, subd. 1; 609.135, subd. 1; 609.104, subd. 1; 609.104, subd. 1(b).

V. DEFINITIONS

Appear By - Date by which an individual is to have appeared in court or paid a fine in lieu of appearing. The date is either the latest date in a 'respond within' time period or it is the date law enforcement has indicated on the citation.

Auto-Referral Program - A MNCIS automated process that, based on specific criteria, identifies cases with delinquent debt and updates those cases so that they are picked up by the nightly Collection Agency Interface job.

Collection Agency – Outside agency, either a private vendor or another state agency, contracted by the Judicial Branch to collect past-due debt.

Collection Agency Interface Job – MNCIS functionality that produces the information file which is sent to the collection agency. This file contains information on all new case referrals, recalls, and updates to existing referrals.

Collections – Collection efforts used to enforce payment on delinquent debt. It does not include receipting funds, processing payments for debt not past due, or Court practices for setting up fines or initial due dates.

Court Administrator – The County Court Administrator in the county of venue or designated Court Administration staff.

DNR – Department of Natural Resources

DOR (Department of Revenue – Collection Division) - The state agency authorized by Minn. Stat. §16D.04 to provide services to state agencies to collect debt. DOR is the current collection vendor for the MN Judicial Branch.

DPS – Department of Public Safety

Debt – For purposes of this policy, debt is any financial obligation due to the court with the exception of financial obligations of juveniles ordered or assessed in Juvenile Court.

Types of court debt include all fines, fees, and reimbursements for:

- Criminal and traffic cases
- Payable and non-payable citations
- Restitution to crime victims
- Guardian Ad Litem (GAL) reimbursement
- Other miscellaneous fees (such as fax fees and Early Neutral Evaluation fees)
- Public defender fees (after a disposition)
- Non-sufficient fund (NSF) fees

- Any fees (1) erroneously not collected at the time of assessment, (2) erroneously waived at the time of assessment, or (3) reassessed due to insufficient funds.

Debtor – The party responsible for the debt.

Delinquent Debt – A debt is considered delinquent when not paid by the due date. In the case of a payment plan, the total balance is delinquent when any payment is not paid by the scheduled due date.

Disposition – The interim or final determination of a charge.

Due Date – The specified date a payment is due. The due date may be the date the amount is assessed or a date in the future. If a payment plan is established, there will be multiple due dates based on the incremental payments. If no due date or payment plan is specified, the due date is the date the amount is assessed.

E-Payment – Electronic web-based credit- or debit-card payment of a fine, also known as the IWR (Interactive Web Response) payment process.

Extended Due Date – After an initial conviction has been entered, Judge, Judicial Officer or Court Administration may grant a due date beyond the original due date specified.

Failure to Appear (FTA) – Occurs when a defendant fails to appear or pay a fine in lieu of appearing in court in response to a payable citation.

Guardian ad Litem (GAL) – Professionals appointed by the Juvenile or Family Court to represent a child's best interests in Court proceedings. They may be paid staff or volunteers.

Interim Disposition – Includes diversions, continuances for dismissal, and any type of stay of adjudication; these are considered interim dispositions because the ultimate disposition is something else, typically either a dismissal or a conviction.

IVR (Interactive Voice Response) – Telephone-based credit- or debit-card payment of a fine

MNCIS (Minnesota Court Information System) – The Minnesota court case management system used in all district courts

Payment Plan – A schedule of incremental payments as established by a Judge or Court Administration

Revenue Recapture – A program authorized by Minn. Stat. §270A and administered by the MN Department of Revenue to intercept taxpayer refunds and apply them to debts owed to state agencies.

SWIFT (Statewide Integrated Financial Tools) – The state system used by the Minnesota Management and Budget that accounts for all financial and procurement transactions

State Court Administrator – The State Court Administrator or designated State Court Administration staff.

ViBES (Violations Bureau Electronic System) – Court case management system used for citation processing in Hennepin and Ramsey counties

VI. THE JUDICIAL BRANCH DEBT COLLECTION PROCESS

A. GENERAL REQUIREMENTS

The Judicial Branch is responsible for ensuring that collection efforts are implemented for all court debt. The collection activities may be outsourced to a collection agency.

Unless a judge, referee, or hearing officer waives collections on a specific case, all cases with delinquent debt must be processed according to the procedures provided in this policy.

Criminal and traffic cases must have a final disposition before Court Administration can refer the case to collections. Cases with interim dispositions cannot be referred to collections. For payment plans, after one missed payment, collection actions will be initiated on the total balance due.

The Court Administrator should not engage in any collection efforts once the case has been referred the collection agency. These efforts include, but are not limited to, notices, revenue recapture, wage withholding, and unpaid fine hearings.

At sentencing, the defendant will be provided written notification to meet the requirements of Minn. Stat. § 609.104, subdivision 1.

B. INITIATING DUE DATES AND PAYMENT PLANS

1. Payable Citations

When initiating a Criminal/Traffic Non-Mandatory (VB) case from a payable citation, an “appear by” date is entered in MNCIS; the “appear by” date is assigned by ViBES. In MNCIS, this date also is automatically entered in the “due date” field on the Financial tab. However, because the financial amounts assessed at case initiation are not debt until a conviction is entered, the “appear by” date is not a due date as defined in this policy. A one-time extension of the “appear by” date, up to 30 days, can be granted. For VB cases in which a partial payment was received or a payment plan entered into, the case should be processed as required by 506.1, the Statewide Payable Offense Policy. Once a conviction has been entered, the financial obligations assessed then become debt, and the collection procedures in this policy apply.

For VB cases that include only petty misdemeanor charges, if the defendant fails to appear or fails to return a signed Admission of Guilt, Waiver of Rights and Payment

plan by the return by date, the case should be processed as required by 515(a) Petty Misdemeanor Failure to Appear Procedures. Once a conviction has been entered, the financial obligations assessed then become debt, and the collections procedures in this policy apply.

For VB cases that include a misdemeanor charge, if the defendant fails to appear, or fails to return a signed Admission of Guilt, Waiver of Rights and Payment Plan by the return by date, no collections action, including referral to revenue recapture, may be taken. (This policy does not preclude court administration from notifying DPS or DNR of the defendant's failure to appear.)

2. Establishment of Due Dates

At the time any financial obligation is assessed the due date is assigned by ViBES. The due date or payment plan must be entered in MNCIS.

When a fine is imposed or restitution ordered, payment is due on the date imposed unless the Judge or Court Administrator establishes a due date or a payment plan. Minn. Stat. §§ 609.10, subdivision 1 (felony sentences), 609.125, subd. 1 (misdemeanor and gross misdemeanor sentences), and 609.135, subd. 1 (stays of imposition).

For all other non-criminal court-ordered debt, payment is due when the amount is assessed unless a future due date or a payment plan is authorized by the Judge or Court Administrator.

Court Administration should not change the due date to exclude cases from the auto-referral process.

3. Required Information for Payment Plans or Future Due Dates

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- a. Court Administration must request of the defendant his/her name, address, and phone number when initiating payment plans or setting future due dates when:
 - A conviction has been entered
 - For payable offenses without the defendant appearing in court, as authorized in Policy 506.1, the Statewide Payable Offense Policy,
 - b. In addition to the requirements in paragraph a, Court Administration should also request SSNs, subject to the following requirements that SSNs must be:
 - Treated as confidential data,
 - Requested in a manner that preserves the confidentiality of the data, whether obtained in person, by mail, or by phone. A person must not be asked to provide an SSN by phone if the conversation is being recorded by the court.
 - Stored in a manner that preserves the confidentiality of the data, whether in paper or electronic format.

If the defendant refuses to provide an SSN, the court is not required to set up a payment plan, but may still choose to do so, subject to the requirements in paragraph a.

4. Extended Due Dates

For cases where a conviction has been entered, Court Administration may grant an extension of up to 30 days of the due date if the defendant requests additional time to pay. The defendant must request the extension on or before the due date. If the defendant claims an inability to pay, Court Administration must set a hearing date. Minn. Stat. §609.104, subd 1(b).

For cases with payment plans, this extension will result in a 30-day extension of all the remaining installment payment dates. In MNCIS, a new payment plan will have to be entered.

C. COLLECTION RELATED PROCESSES FOR DELINQUENT DEBT

1. Adding Late Fees and Collection Fees

For cases in MNCIS, Court Administration may not add any additional late fees or collection fees on delinquent accounts such as:

- Collection Fee
 - Late Fee or Late Penalty Fee
 - Delinquent Fee
 - Collection Agency Fee
 - Payment Plan Fee
 - Wage Withholding Fee
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- Driver's License (DL) Suspension Fee
 - Revenue Recapture Fee
 - Warrant Fee (Judicial Council Policy 518)

For cases in ViBES, Court Administration should add only late fees and late penalty fees, not to exceed \$30.00.

It is the responsibility of the collection agency to add and account for their collection fees.

2. Collection Actions

MNCIS and ViBES will identify any collection actions initiated by the Courts, such as the driver's license suspension or the referral to a collection agency.

In MNCIS, the collection status field on the financial tab will indicate the collection actions taken by the Court. Court Administration should refer to the MNCIS On-Line

Help for the current list of collection statuses that may be utilized and definitions for appropriate usage.

Court Administration staff shall not initiate manual collection actions, except as authorized in Section VI.C.3 of this policy.

Examples of manual collection efforts include:

- Revenue recapture claims
- Delinquent notices, except the ViBES notice authorized in Section VI.D.2. of this policy
- Outbound collection calls
- Wage withholding
- Skip tracing
- Researching social security numbers (other than allowed in section VI.B.3)
- Unpaid Fine Hearings, except as requested by the defendant per Minn. Stat. §609.104, subd. 1 (b), or for cases with interim dispositions.
- Drivers' license (DL) suspensions for failure to pay, per Minn. Stat. §171.16 subd. 3.

DL and DNR suspensions for failure to appear are not considered collection efforts and may be active until the fine is paid in full or recalled from collections.

3. Authorized Manual Collection Efforts / Revenue Recapture

The only manual collection effort allowed is filing a revenue recapture claim with DOR. Manual collection efforts may, but are not required to, be initiated for cases that meet the qualifications for collections under this policy but have not been referred for these reasons:

- Cases that were not referred to DOR because they were approaching the end of the five year DOR collection period.
- Cases where (1) a collection status previously prevented the case from being referred to collections, (2) the collection status is currently resolved, and (3) the case is now too old to be referred to DOR for collections (e.g., cases with incarceration for over five years).
- Family court cases with GAL fees owed by more than one party.
- Juvenile cases where the judge orders the parents jointly and severally liable for restitution under Minn. Stat. § 540.18.

Additionally, manual collection efforts may be taken for restitution ordered by the court under Minn. Stat. § 260B.198, subd. 1(5), following a finding of delinquency.

4. Revenue Recapture Procedures

When filing revenue recapture claims directly into the MN Department of Revenue, Revenue Recapture System, court administration must take these manual steps:

- In MNCIS, enter the collection status and event of *Revenue Recapture*
- In the DOR revenue recapture system, add the claim.

Note: The revenue recapture system will only allow a claim to be filed if the SSN is valid, and the party is a registered taxpayer with DOR.

- Send a revenue recapture notice that meets the requirements of Minn. Stat. §270A.08 within five days of the claim being filed with DOR.

For ongoing updates to cases with revenue recapture claims, court administration must take these manual steps:

- In the DOR revenue recapture system, enter any balance due changes within 30 days.
- In MNCIS, receipt all payments received from the revenue recapture process.
- For all revenue recapture deposits received from DOR, balance the DOR deposit report to both the MNCIS deposit till and the SWIFT deposit amount.
- Perform regular reviews of the deposits listed in the revenue recapture system to confirm all deposit reports have been received and deposited into MNCIS.
- Process any refunds or other related transactions relating to revenue recapture
- Handle all inquiries or disputes regarding the debt or revenue recapture claim, including injured spouse claims.
- In the DOR revenue recapture system, ~~cancel the claim when the courts lose jurisdiction.~~

5. Payments Received by the Courts

- a. For MNCIS cases referred to collections, the Court Administrator cannot accept payment from the debtor.

The MNCIS IVR (Interactive Voice Response) or e-payment (web-based) payment system will not accept payments if the case has been referred to collections. Instead, payers will be referred to the IVR or e-payment site of the collection vendor.

For ViBES cases referred to collections, the Court may take payments at the counter or through IVR and e-payment systems only if the following contract requirements are met: (1) payment must include the collection agency fees; partial payments will be applied proportionately to the court debt and collection agency fees, and (2) fine, fee and payment details must be submitted to DOR in

accordance with collection contract criteria, and (3) accounting for DOR collection fees must be in accordance with the collection contract criteria.

After a case is referred to collections, all collection agency fees must be paid. If payments are accepted in error, any collection agency fees not collected must be paid from that Court's operating budget.

If payment is received by mail, the payment should be forwarded to the collection agency. The collection agency can process checks or money orders made out to the Court Administrator.

If a payer appears in person to make payment on a MNCIS case, the person should be referred to the collection agency. Court Administration may provide information on how to contact the collection agency or make payment in person, by phone, or by web.

If a debtor contacts the court stating the collection agency is allowing the court to accept payment, the court may only accept payment if this information has been verified with the collection agency.

Note: DOR, the current collection vendor, also contracts with outside collection agencies. Once the case is with an outside agency, payment must be made directly to the outside agency. DOR will also refer the debtors and payments directly to the other agency.

- b. For cases in collections, there are only two exceptions when payment can be receipted by the court and the collection agency fees will not be due. These exceptions, and additional processing steps, are for:
 - Payments from the Department of Corrections that were withheld from prison earnings. These additional steps should be taken:
 - Receipt for the funds.
 - For final payment or payment in full, do not recall the case from collections. The MNCIS Update file will send the payment update to the collection agency and close the case.
 - For partial payment, recall the case from collections. The MNCIS Update will send the recall information to the collection agency.
 - Court orders for bail to be applied to pay fines, fees, and/or restitution as ordered by the court. The amount of the bail may be applied to the outstanding fines, fees, and/or restitution on a case.
 - Convert the bail to the amounts outstanding.
 - If paid in full, the referral to collections will automatically close. The MNCIS payment file will send the payment update to the collection agency and close the referral.

- If an amount remains owing, the referral to collections will remain open. The MNCIS Payment file will send the payment update to the collection agency.
- During a probation violation hearing, an additional amount, such as the public defender fee, court costs for fine, is ordered to be paid on the same day of the court hearing.
 - The additional amount due and the payment receipted should not affect the balance due that was previously referred to DOR for collections. (The net balance of the transaction is \$0.)
 - If the defendant requests to pay an additional portion that has already been referred to collections, the defendant should be directed to contact and pay the collection agency.

D. COLLECTION REFERRAL PROCESS

The Minnesota Judicial Branch has two case management systems, MNCIS and ViBES; each system has separate processes to initiate collection actions.

1. MNCIS Collection Referral Process

Court Administration is responsible for (1) updating cases (2) monitoring cases and (3) manually referring cases to collections, for case types not included in the auto-referral program. The State Court Administrator's Office is responsible for managing the processes for both the MNCIS auto-referral program and collection agency interface program.

The MNCIS auto-referral program identifies convicted criminal and traffic cases with past-due account balances and updates these cases with a collection status of *Refer to Collections*. For all other case types, where the debt is eligible for collections, the Court Administrator should manually enter the collection status of *Refer to Collections*. This status is used with the collection agency interface program to refer cases and send updated information to the collection agency.

The automated referral program has a grace period after the due date to ensure all Court-required processing has been completed before the case can be referred to a collection agency.

The collection process (either manual or with auto-referral) includes entry of the *Refer to Collections* status on cases that meet **all** of the following criteria:

- A case with a financial obligation due to the court, other than a financial obligation ordered or assessed to a juvenile in Juvenile Court.

[NOTE: The auto-referral program applies only to criminal or traffic case types. Other case types require a manual entry.]

- A conviction has been entered for criminal and traffic cases.

- The debt is delinquent.
- A 30-day grace period after the due date has expired for cases without a DL suspension.
- A 90-day period after the due date has expired for cases with a DL suspension.
- The due date is less than four years in the past.
- The balance due is equal to or greater than \$25.00.
- The case does not have an active collection status of *Exclude from Collections* or *Recall from Collections*, or any other collection status that excludes the case from the automated referral to collections. Refer to MNCIS On-Line Help for the current list of collection statuses.

Once the *Refer to Collections* status is added, the collection agency interface program will refer the case to the collection agency.

2. ViBES Collection Referral Process

Whenever a debt becomes delinquent in ViBES, the system will send a delinquent notice and add a \$5 late fee. If there is no response to the delinquent notice, the ViBES system will add a \$25 delinquent fee and refer the case to the collection agency based on the same criteria used for MNCIS criminal and traffic cases:

- A conviction has been entered for criminal and traffic cases.
- The debt is delinquent
- A 30-day grace period after the due date has expired for cases without a DL suspension.
- A 90-day period after the due date has expired for cases with a DL suspension.
- The due date is less than four years in the past.
- The balance due is equal to or greater than \$25.00.

Since Hennepin and Ramsey will accept payments in the ViBES system, the collection agency fees must be added and accounted for in ViBES. However, per contract requirements, the balance referred to DOR will only include the court debt portion without collection fees added.

E. COLLECTION MONITORING – MNCIS CASES

MNCIS will automatically refer most delinquent debt to collections, as defined in Section VI. D. 1. However, some debt will not get referred to collections because it did not meet the criteria for the MNCIS automated referral process.

Detailed instructions regarding the following reports and processes are located at:
http://courtnet.courts.state.mn.us/Documents/100/docs/Finance/Collection_Monitoring.pdf.
 The court administrator should monitor the overdue debt that did not refer to collections.

At least monthly, the court administrator should run the Delinquent Account Report and the MNCIS Fees Receivable Report to review cases and take the appropriate actions:

- Delinquent Account Report

The Delinquent Account Report will list cases with delinquent fines and fees. Two versions of this report may be used to identify cases with either (1) overdue due dates, and (2) overdue payment plans.

Review this report to identify cases that have not been automatically referred to collections and:

- Manually refer debt that meets the qualifications for collections under this policy.
- Optionally, initiate manual collections efforts as allowed by this policy in section VI.C.3.
- Take appropriate action for cases that cannot be referred to collections and manual collection efforts cannot be taken.

- Fees Receivable Report

The Fees Receivable Report will list cases with no due date and no payment plan. Review this report to locate the cases with “No Due Date” and complete the following steps:

- Access each case and enter the appropriate due date.
- If the due date or missed payment plan date is at least 30 days in the past, enter a collection status of “Refer to Collections”. The MNCIS automated process will then send this case to collections.

- Event Listing Report

~~The Event Listing Report should be used by court management to review the manual transactions entered by court administration to (1) identify any data accuracy issues (2) ensure compliance with procedures, and (3) identify any staff training needs.~~

For example, there are situations that make it necessary to manually recall a case from collections. However, these situations should be limited to when:

- Bankruptcy proceedings have been filed
- A partial payment is received from the Department of Corrections and the person will continue to be in prison
- A case was referred in error and should not be in collections at the current time.
- A judge or hearing officer orders that a case be recalled.
- The dispute process determines the case should not be in collections.

When reviewing the Event Listing Report, the court manager or supervisor should:

- Verify whether the entry of the Recall from Collection is valid.
- If it is not, update the case as needed based upon the situation and review appropriate recall situations with staff.

F. COLLECTION AGENCY PAYMENT PROCESS

DOR will deposit payments directly into the State Treasury account for each court location. With each deposit, DOR will also provide a payment report for each county that includes case-level detail for every payment or payment reversal included in the deposit.

The courts will be responsible for processing the financial transactions, either by manual entries or through the automated payment file, into the appropriate court case management system, MNCIS or ViBES.

The court administrator, or the Minnesota Court Payment Center, is responsible for processing and balancing the Treasury deposit amount to both:

- The collection agency payment report
- The deposit total processed in MNCIS or ViBES

1. MNCIS Payment Process

The payment report will be available to MNCIS users through a SQL Reporting web site.

State Court Administration is responsible for managing the processes for both the automated payment file process and the SQL reporting process.

2. ViBES

In addition to managing the automated file process, ViBES will be responsible for all transactions relating to accepting payments at the courts, which include:

- Removing the collection agency fees which were collected and retained by the collection agency. (Per Section VI.B. 2 of this policy, collection agency fees must be added in ViBES to allow for payments to be taken at the court. These collection agency fees must be removed when they are collected and retained directly by DOR.).
- Processing any required refunds or overpayments that occur as a result of accepting payments at the courts per the agreement with DOR.
- Accounting for collection fees and any other processes relating to accepting payments at the court

G. IDENTIFYING CASES FOR WRITE-OFF – MNCIS

1. For criminal cases, the obligation to pay period is dependent on the date of sentencing.
 - a. For criminal cases sentenced on or after 07/01/09, no manual collection review or status updates are required. MNCIS functionality is being designed to write off debt in accordance with Judicial Branch Policy 209 – *Collection_Distribution_of_Revenues*.

For criminal cases sentenced prior to 07/01/09, a collection review should have been set at the time of sentencing or referral. The court administrator should monitor the collection period established in Minn. Stat. § 609.135, subd. 8 (repealed effective 07/01/09) and manually write off the financial balances in accordance with Branch Policy 209. The most frequently used process to monitor the collection period has been to enter the event, *Collection Review*. However, courts may have used alternative practices.

Unless an alternative process is in place, at least monthly, the court administrator should run the Case Event Review Report for the event, *Collection Review*.

The Case Event Review Report should be reviewed to determine if the collection period has in fact expired. If the collection period has expired, follow these steps to write-off the debt:

- On the financial tab, enter a credit of *Credit Period Expired* for the balance of the outstanding financial obligation.
- If the driver's license suspension exists, the DL Reinstatement dialog will be displayed. Select "yes" to reinstate.
- If a DNR suspension exists, enter an event of *DNR Reinstatement* and process a reinstatement notice to be sent to the DNR.
- If the case has been manually referred to revenue recapture, add a completion date to the *Revenue Recapture* collection status and close the claim in the DOR Revenue Recapture System.
- Complete the pending *Collection Review* event.

If the collection period has not expired due to an active warrant or jurisdiction has not expired, follow these steps:

- Enter a new event of *Collection Review* to correspond with the warrant review date
- Complete the pending *Collection Review* event

- b. Warrants may impact the collection period. The warrant impact on the obligation to pay period is dependent on the sentence date and any active stay of sentence or probation, as follows:

Warrant Impact on Obligation to Pay Period

<u>Sentence Date</u>	<u>Active Stay of Sentence / Probation</u>	<u>Warrant Impact</u>
Prior to July 1, 2009	No	No impact – obligation to pay is 6 years from the due date or imposition date (whichever is later)
Prior to July 1, 2009	Yes	The period for the obligation to pay continues while a warrant is active and continues for six years from the date of the end of probation.
After July 1, 2009	No	No impact – obligation to pay is 10 years from the defined due date.
After July 1, 2009	Yes	The period for the obligation to pay continues while a warrant is active for 10 years from the defined due date or the end of probation, whichever is later.

2. When a judgment is docketed for criminal restitution:

- The restitution amount should not be written off in the criminal file; the collection period that applies to the criminal case applies to all debt on that case, including the restitution.
- Collection of the debt in the criminal file is not affected by docketing the restitution as a civil judgment.

3. Policy 209, section I.B.2.b, addresses when financial obligations imposed for an interim disposition can be written off. To write off these obligations:

- On the financial tab, enter a credit of *Collection Interim Disposition Expired* for the balance of the outstanding financial obligation.
- If a driver's license suspension exists, the DL Reinstatement dialog box will be displayed. Select "yes" to reinstate.
- If a DNR suspension exists, enter an event of *DNR Reinstatement* and process a reinstatement notice to be sent to the DNR.
- If the case has been manually referred to revenue recapture, add a completion date to the *Revenue Recapture* collection status and close the claim in the DOR Revenue Recapture System.
- Complete the pending *Collection Review* event.

4. If the debt is written off as uncollectible pursuant to Policy 209, the credit can later be reversed in these situations:
 - A voluntary payment is received
 - A warrant results in collection of the debt.

H. CLOSING AND RECALLING CASES FROM A COLLECTION AGENCY

When necessary, the Court Administrator may recall cases from a collection agency at any time. No collection fees are due to the collection agency when a case is recalled.

A case must not be recalled from collections in order for: (1) Court Administration to accept payment, (2) Court Administration to initiate internal collection actions or (3) for the payer to avoid payment of collection fees.

Upon receipt of Notice of Filing of Bankruptcy, Court Administration must recall any impacted cases from collections:

- If the Notice of Filing of Bankruptcy form includes the court case number(s) and the case has a collection status of *Refer to Collections*, enter a collection status of *Recall from Collections* for that case only.
- If the Notice of Filing of Bankruptcy form does not include court case numbers, identify all cases for the party in your county with an active collection status of *Refer to Collections*. Enter a collection status of *Recall from Collections* in all cases identified.
- Court Administration should conduct a review to determine the appropriate actions after bankruptcy proceedings are concluded

To recall a case in MNCIS, Court Administration should enter a collection status of *Recall from Collections*. The collection agency interface program will then forward the recall information to the collection agency.

If you need to re-refer the case to collections at a later date, such as when the bankruptcy proceedings are completed, Court Administration should enter a collection status of *Refer to Collections*. The collection agency interface program will then forward the referral information to the collection agency.

VII. THE COLLECTION AGENCY CONTRACT

A. Collection Practices

The Judicial Branch may outsource the collection of delinquent debt to a state or private collection agency.

The collection agency will initiate collection actions approved by the Judicial Branch. The collection actions initiated by DOR, the current collection vendor, include:

- collection notices
- revenue recapture claims
- wage withholding
- asset liens
- referral to an outside collection agency to make outbound collection calls (if no collections result from the other collection actions)

Collection practices must comply with all federal and state regulatory and collection licensing requirements.

B. Collection Agency Fees

Collection agency fees must be established in accordance with state statutes and through a contract with an approved collection agency. For MNCIS and ViBES debt, the collection agency will add their collection fee.

The collection agency will receive collection fees only on the amount of debt collected. The collection agency will deduct their fees prior to remitting the court debt payment to the Court Administrator.

C. Social Security Numbers Obtained by the Collection Agency

To minimize costs to the State and debtors, MNCIS and ViBES must update case and party records with Social Security numbers (SSNs) obtained from appropriate sources.

MNCIS and ViBES will provide a secure process to (1) retain SSNs, (2) include SSNs in the referral information to a collection agency, and (3) receive SSN updates into the case and party records.

When a case is referred to our current collection agency, DOR, for collections, DOR will (1) review the SSN/party record information on the court file to the DOR tax database records, and (2) reject the case if the SSN/party information does not match the DOR records.

If DOR rejects the case for an inaccurate SSN, State Court Administration will be responsible for removing the SSN from the party record. All SSNs, regardless of the source, will be removed. When an SSN is removed from a party record, a note will be entered on the party record note tab indicating the SSN was deleted.

D. Cases Rejected or Closed by the Collection Agency

DOR may reject or close a case from collections for various reasons.

A rejected case is a debt that MNCIS or ViBES has referred to DOR for collections, but DOR does not accept the case for collections. The case is rejected before it enters the DOR collection process. Common reasons for rejections are: bankruptcy, death, or the

SSN/party records do not match the DOR tax record information as described in section VII. C.

A closed case is a debt in which DOR had previously initiated collection efforts but has now stopped collection efforts. Common reasons for collections to close are: bankruptcy, death, paid in full, collection time period has expired, or the debt is uncollectible.

If a case is closed or rejected with a reason code of death or bankruptcy, no other verification is required by the courts.

The collection agency will provide the closed and reject reports on a regular basis. These reports will be updated electronically in MNCIS or ViBES. In MNCIS, when the closed or reject reports are processed electronically, these updates will occur on the collection status:

- A completion date will be added to *Refer to Collections*.
- A new status of *Closed by the Collection Agency* will be added for cases closed from collections.
- A new status of *Rejected by the Collection Agency* will be added for cases rejected from collections.

No manual collection efforts will be initiated on cases closed or rejected by the collection agency.

E. Payments Reversals/Negative Escrow Accounts for Restitution

DOR may need to reverse payments previously submitted to the court. Payment reversals can occur due to an injured spouse claim, wage levy exemption, employer error, or a defendant directing that payment be applied to another case that will result in that case being paid off in full.

These payment reversals are identified on the Payment Report as a negative payment entry and will be processed as a negative transaction in MNCIS and ViBES. When the negative transaction is applied to fines and fees, no additional processing is required; the next scheduled payment to the recipient will be reduced by the negative amount.

When the negative transaction is for restitution and the restitution has already been paid out to a victim, the result will be a negative escrow balance in the restitution account.

When this situation occurs, the court administrator should submit a service desk ticket. SCAO Finance will work with the court administrator and DOR to complete these steps to reimburse the restitution account:

- If DOR indicates that wage withholding is in place and payment is expected in the next 30 days that will resolve the matter, no action will be taken.
- If DOR indicates that no payment is expected in the next 30 days, the following steps will be implemented.

- Process a SWIFT transaction to apply funds from the Overhead Account in the Trial Court Appropriation to reimburse the restitution account. The funds will then be deposited into the county Swept Account.
- Receipt the payment into the MNCIS case.
- Update the restitution account in MNCIS to identify the Overhead Account as the new payee for this restitution amount.

When and if another restitution payment is received, the restitution payment should be applied to the Overhead Account as reimbursement.

Note: Court Users can reduce the likelihood of negative restitution escrow balances by holding restitution payments a minimum of 21 days and by placing a hold on restitution in escrow if the court is notified by DOR that a payment will be reversed.

F. Case Correspondence or Disputes on Cases with the Collection Agency

Collection disputes or inquiries can be received by either the collection agency or the courts. If the correspondence is received by the collection agency, the collection agency will:

- Provide case details and information to the debtor to resolve the dispute
- Refer matters to the court administrator regarding (1) incorrect party records and SSN information, or (2) court related items

The collection agency cannot settle debt on behalf of the court. Any request to satisfy the debt without payment in full must be referred to Court Administration.

If the court administrator receives correspondence or a dispute of the collection process, the steps taken by the court administrator will be to:

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- Refer any matters related to specific collection actions to the collection agency
 - If the dispute is lasting longer than 30 days, enter a collection status of *Recall from Collections* to recall the case from collections.
 - Once the matter is resolved and collections should continue, enter a collection status of *Refer to Collections*.

If the dispute is regarding the incorrect party and SSN match, the court administrator shall:

- Verify the party name/SSN is not valid by requesting name, address, birth date, and DL number details from the party. If you need assistance in verifying this information, please complete a service desk ticket.
- If the SSN is confirmed to be invalid, enter a collection status of *Recall from Collections*
- Submit a service desk ticket to have the incorrect SSN removed from the case, or refer the matter to the Court Administrator to have the SSN removed.

In disputes regarding claims of identity theft that cannot be easily resolved the court administrator should:

- Enter a collection status of *Recalled from Collections* to recall the case from collections.
- Complete a service desk ticket with includes all contact information and related documents. SCAO Finance and Legal will review each case individually to determine the appropriate actions.

VIII. RELATED DOCUMENTS

Judicial Council Policy 209 Collection and Distribution of Revenue
State Court Administration Policy 209(a)
<http://courtnet.courts.state.mn.us/0/?page=2915>

Collection Agency Services Reference Documents
<http://courtnet.courts.state.mn.us/100/?page=2587>

Auto Referral Documentation
<http://courtnet.courts.state.mn.us/100/?page=2625>

IX. REVISION HISTORY

December 2008 – Access Service and Delivery (ASD) proposed recommendations for standard collection practices to the Judicial Council.

December 2008 – The Judicial Council approved assigning implementation authority for collections issues to the State Court Administrator in consultation with ASD-1.

February 2009 – Judicial Council Policy 2.09(b) Collection and Distribution of Revenue approved

February 2012 – Revised Collection Procedures 209(b) include: Initiating due dates and payment plans for payable citations; Authorized manual collection efforts; Revenue recapture procedures; Payments received by the courts; Collection monitoring – MNCIS cases; Identifying cases for write-off; Cases rejected or closed by the collection agency; and Payment reversals/negative escrow accounts for restitution.

Approval:



Sue K. Dosal, State Court Administrator

March 1, 2012

Date